Business and commercial Aviation

THE WEEKLY OF BUSINESS AVIATION

Vol. 45 No. 1 July 6, 1987 Page 1

INSIDE

Safety Commission Staffers Named.....Page 2
NBAA Restructures Dues Schedule.....Page 2
FAA Orders Drug Testing.....Page 3
AOPA Criticizes ATC Plans.....Page 4
Business Aviation Briefs.....Page 5

DAVE COLLOGAN/EDITOR
KATHRYN BLEDSOE/ASSISTANT EDITOR
1156 15th STREET, N.W./WASHINGTON, D.C. 20005
PHONE: (202) 822-4600/TELEX: 89-2447

LIST OF TAX 'OPTIONS' INCLUDES 10 PERCENT LEVY ON AIRCRAFT SALES

A list of tax "options" prepared by the staff of the Joint Committee on Taxation includes a 10 percent "luxury" tax on sales of non-commercial aircraft, a variety of crude oil and fuel taxes and increases in the levels of existing excise taxes such as the passenger ticket tax that provides most of the revenue for the Airport and Airway Trust Fund. As noted by House Ways and Means Committee Chairman Rep. Dan Rostenkowski (D-Ill.) when the report was released (BA, June 29/213), the committee and its individual members had not taken a position on the proposals in the option list, but Congress is under pressure to find new sources of revenues to offset government spending.

Most objectionable to general aviation interests is the suggestion of a 10 percent "luxury" tax that would apply to general aviation aircraft and other items such as "boats and yachts, china and crystal, electronic entertainment and recreational devices (such as VCRs and video cameras) and electronic or mechanical coin-operated amusement devices..."

Jonathan Howe, National Business Aircraft Association president, said putting GA aircraft into the same category as the other items "is preposterous," stating that aircraft are business tools "like printing presses or riveting machines." Ed Stimpson, president of the General Aviation Manufacturers Association, made similar arguments in a letter to Rostenkowski (see letter on the back of Page 2) and noted that the general aviation industry is severely depressed. "If the regressive proposal of a new 10 percent luxury tax should be enacted, sales can be expected to dip much lower," Stimpson said, asking that the proposal "be discarded from active consideration."

ENGEN CALLS FOR 'OPERATIONAL FLEXIBILITY' FOR FAA

Departing FAA Administrator Donald Engen, in his last public address before leaving office last Thursday, called for "operational flexibility" for the agency, saying there is a "fine line between constructive oversight and unconstructive meddling." Engen, speaking Tuesday at the National Press Club in Washington, D.C., did not mention the Transportation Department by name, but said he has had "a lot of people looking over my shoulder—Congress, GAO, NTSB, the media and industry."

FAA knows, Engen said, "to a very fine level of detail, how aircraft operate and what it takes to keep them safe. We know how to run the world's most sophisticated air traffic control system and what it takes to improve it." There is a line that "should not be crossed" by outsiders trying to influence how the agency operates, he said. "I believe strongly that the FAA Administrator must have a full measure of operational flexibility." Asked if FAA would function better as an independent agency, free of DOT interference, Engen said Congress and the Aviation Safety Commission will address that question. But he added, "we need as a nation to fence off" the Aviation Trust Fund and dedicate it to being spent for the purposes for which it was established (see related article on Page 5).

NATA URGES DELAY IN USE OF FIRE-BLOCKING MATERIALS

Failure of the Federal Aviation Administration to delay implementation of new rules requiring use of fire-blocking materials in aircraft cabin interiors will result in "severe congestion of testing and refurbishing facilities" and "an avalanche of individual applications for deviation authority, which will be encouraged by NATA," according to Larry Burian, president.

(Continued on the following page)

NOW ONLINE WORLDWIDE

PUBLISHED BY THE BUSINESS PUBLICATIONS DIVISION OF MURDOCH MAGAZINES, A DIVISION OF NEWS AMERICA PUBLISHING, INC. COPYRIGHT © 1987 NEWS AMERICA PUBLISHING, INC. ALL RIGHTS RESERVED. REPRODUCTION IS STRICTLY PROHIBITED. SUBSCRIPTIONS: ONE YEAR $345. SIX MONTHS $225.

STATUS OF AIRPORT & AIRWAY TRUST FUND

APRIL 30, 1987

	CURRENT MONTH	FISCAL YEAR TO DATE
I. BALANCE - BEGINNING OF PERIOD	$ 9,267,308,333.40	$ 8,625,199,213.60
II. RECEIPTS:		
A. Excise Taxes (Transferred from General Fund):		
Any liquid fuel except gas	6,539,000.00	42,267,000.00
Tires used on aircraft	0.00	0.00
Tubes used on aircraft	0.00	0.00
Gasoline		
1. Commercial 9 cents tax	232,000.00	1,582,000.00
2 Non-commercial 9 cents tax	1,988,000.00	20,056,000.00
3. Non-commercial 3 cents tax	663,000.00	6,837,000.00
4. Transp by air,seats,berths,etc.	215,650,000.00	1,517,570,000.00
Use of international trav fac	7,897,000.00	48,937,000.00
Transp of property and cargo	13,833,000.00	89,232,000.00
Total Tax Receipts	246,802,000.00	1,726,481,000.00
B. Less Reimbursement to General Fund - Refund of Taxes and Estimated Tax Credits :		
1. Civil aircraft	0.00	1,880.00
2. Any liquid fuel except gas	0.00	3,297,900.00
3. Gasoline -Retailer's tax	2,000,000.00	2,002,180.00
4. Gasoline -Manufac. tax	0.00	270.00
Total Reimburse For Tax Refunds	2,000,000.00	5,302,230.00
Net Tax Receipts	244,802,000.00	1,721,178,770.00
C. Interest on Investments	844,401.55	422,483,446.20
Net Receipts	245,646,401.55	2,143,662,216.20
III. EXPENDITURES :		
A. Federal Aviation Administration :		
1. Operations	49,096,990.25	321,946,990.25
2. Grants-in-aid for airports	35,254,610.00	544,787,946.01
3. Facilities & equipment	74,351,634.92	441,704,785.10
4. Research engineering & development	6,067,512.00	97,735,200.66
B. NOAA weather services	0.00	14,499,450.00
C. Interest on Refund of Taxes	0.00	3,070.00
Total Expenditures	164,770,747.17	1,420,677,442.02
IV. BALANCE - END OF PERIOD	9,348,183,987.78	9,348,183,987.78

ASSETS :		
Undisbursed Balances:	$	
Airport & Airway Trust Fund	92.10	
Operations	-1,625.59	
Grants-in-aid for Airports	-15,812,215.69	
Facilities & Equipment	9,535,774.20	
Research Engineering & Development	5,454,412.76	
NOAA weather services	550.00	
		$ -823,012.22
Investments :		
U.S. TREASURY CERTIFICATES OF INDEBTEDNESS:		
8-5/8% maturing June 30, 1987	$ 173,572,000.00	
8-3/4% maturing June 30, 1987	161,225,000.00	
8-7/8% maturing June 30, 1987	402,388,000.00	
9-1/8% maturing June 30, 1987	15,623,000.00	
9-1/4% maturing June 30, 1987	71,331,000.00	
9-3/8% maturing June 30, 1987	41,623,000.00	
9-1/2% maturing June 30, 1987	59,514,000.00	
9-3/4% maturing June 30, 1987	8,423,731,000.00	
		9,349,007,000.00
Total Assets		9,348,183,987.78
LIABILITIES:		0.00
EQUITY:		
Excess of Assets over Liabilities		$ 9,348,183,987.78
Total Liabilities and Equity		9,348,183,987.78